



## Draft Minutes of the IT Investment Board

**May 5, 2004**

### **Members Present:**

George C. Newstrom (Chairman)	John Lee
Chris Caine	Jim McGuirk
Jimmy Hazel	Mary Guy Miller
Hiram Johnson	Walter Kucharski (ex-officio/non-voting)

### **Members Absent:**

Len Pomata  
Scott Pattison

### **Others Present:**

Lem Stewart, Chief Information Officer, VITA  
John Westrick, Counsel to the Board

### **Call to Order**

The Chairman called the 11<sup>th</sup> meeting of the Virginia Information Technology Investment Board to order at 1:02 p.m.

### **Approval of Minutes**

Jimmy Hazel made a motion that the minutes of the April 7, 2004 meeting be approved. Hiram Johnson seconded motion. There being no discussion, the minutes were approved as written.

Prior to the CIO Update, Chairman Newstrom commented that he and Lem Stewart had attended the National Association of State CIOs in Chicago, Illinois the prior week. Len Stewart made a presentation and was well received. He stated that Virginia was the topic of most of the breakout sessions and continues to be a major topic of discussion by many states.

The Chair also announced that on Monday, May 3<sup>rd</sup>, he spoke at a Government Conference by Gartner in Washington, D.C. He emphasized that Gartner is using the Commonwealth of Virginia as their baseline in state technology reform. Much emphasis has been placed on the work of the ITIB and the CIO in the transformation process.

The Governor is scheduled to meet with all Agency Heads on Monday, May 10<sup>th</sup> to discuss his 20-month plan. His #1 priority has always been education; however, it is anticipated that he will

also state that there is no greater priority in the reform of government initiated by him than the full implementation of technology.

## **CIO Update**

Lem Stewart, VITA CIO gave brief updates as follows:

- The medium agencies merger is moving forward, with the exception of the Virginia Port Authority, which chooses not to move at this time pending the outcome of exemption language that currently exist within the budget amendment. The Port Authority has informed VITA that should they not be exempted from the integration process, they will be ready to move forward immediately.
- Kicked off initial executive level meetings, including agency CIO/CFOs, Cheryl Clark and representatives from the enterprise service directors. Purpose of the meetings is to take a proactive approach in meeting with large agency - agency heads to determine the concerns and be able to apply and be prepared for the issues by the time the individual meetings take place. There are 17 large agencies, and to date, discussions have been positive.
- On schedule with all APA items in the APA Action plan. Two items in the Plan will be discussed at the June ITIB meeting.
- DHRM classification study is scheduled to be completed and delivered to VITA shortly. Once, received, will begin work on suggested actions.
- JLARC has postponed its May 10<sup>th</sup> meeting until June as a result of the General Assembly and budget activity. The new rate structure for direct bill and the shared methodology will be discussed at that meeting. As a result of the suggestions and recommendations of JLARC, the APA, and DHRM, VITA has been able to reduce the 7.1% administrative fee to 5.5%.
- The CIO has initiated a program to ensure that VITA reduces its own expenses by the equivalent amount of administrative fees charged to agencies based on the rate of spend – VITA expenses will be cut by 5.5%.
- Specific task forces have been assembled consisting of resources across the agencies that will focus on VITA quick wins. It is anticipated that the administrative fee will be offset sometime within the 05 fiscal year. One group has already been formed that will be focusing on a master licensing for high spent items where larger amounts have been spent on software throughout the Commonwealth.
- Completed an RFP for an independent sourcing advisor to assist VITA with review and evaluation of PPEA proposals. The firm chosen is Gordon and Glickson, an international firm, very well known for their IT partnership consulting work throughout the country.

- VITA has improved its spending on SWAMs from \$.95 million to \$1.65 million.
- VITA employees have been participating in Virginia Public Service Week activities
- Completed the digital state survey
- Bill Shinar (VGIN) and Steve Marzoff (E-911) gave a presentation. (presentation attached)

Chairman Newstrom asked if the JLARC meeting cancellation affected the billing cycle. It was determined that while VITA is not officially billing agencies until final approval from JLARC, agencies are being informed as to what the expenses will be.

Chairman Newstrom clarified that reporting is not available to provide accurate tracking of total dollars spent on SWAM; therefore, of the \$900+ million spent, there is no way to track the exact dollar expenditures. He emphasized that the Governor has set specific goals for this Administration in spending for SWAM.

Len Stewart stated that the VITA Business Plan had been distributed to Board members. This document will be discussed at the June ITIB meeting.

## **Committee Reports**

### **(a) CIO Evaluation Committee, Len Pomata, Chairperson**

In Len Pomata's absence, Chairman Newstrom reported that Len Pomata and the CIO Evaluation Committee, formerly the CIO Search Committee, had worked to develop the evaluation criteria for the CIO. In addition to the committee, the entire Board was involved in developing this document.

### **(b) Legislative Review Committee, Jimmy Hazel, Chairperson**

Jimmy Hazel reported that there is a revenue bill, but no budget. VITA will need to continue to operate in the manner of creating the cost savings and be able to generate a better technology environment for the agencies. He stated that he did not expect any significant changes for VITA in the budget bill. There may be budget language and appropriation language that will impact VITA.

He stated that the budget bill will be voted on by the members of the General Assembly and onto the Governor for review by July 1.

### **(c) IT Project Review Committee, Jim McGuirk, Chairperson**

Jim McGuirk reported as follows:

- **Commonwealth's Project Management Standard** - this standard sets the requirements for the management and governance of IT projects in the Commonwealth. The final document will be ready for the Board's review by May 14<sup>th</sup>. There will be a Web link provided for access to the document. Approval of the standard is scheduled for the June ITIB meeting.

- **Collaboration Between Higher Education Institutes** - Joy Hughes, CIO of George Mason University addressed the IT Project Review Committee. Chairman McGuirk expressed his satisfaction with not only the amount of collaboration, but also with the sophistication of how it is done. Higher education institutions were commended for taking upon themselves the collaboration efforts for the benefit of the Commonwealth.

Jimmy Hazel expressed his pleasure in seeing the acknowledgement between the CIOs of higher education present in the meeting and VITA's CIO working together on projects for the benefit of the Commonwealth.

At the IT Project Review Committee meeting, a brochure was distributed outlining five collaborative projects. John Lee requested that the brochure be forwarded to all Board members, as it was very informative. He also commended the universities in the collaboration efforts.

Chris Caine also expressed positive comments regarding the collaborative working relationships among the universities.

Chairman Newstrom clarified that in the original strategic plan for information technology, a decision was made to exclude higher education. Joy Hughes and other CIOs came together and over time, worked together in collaborative efforts. He stated that these efforts represent a substantial amount of leverage, and also another \$350 million of the Commonwealth's money.

**Recommended IT Project Review Committee Projects for Board Approval:**

- **Virginia Commonwealth University (VCU) – Administrative System Replacement** - Chairman McGuirk made a motion that the Board grant development approval for the VCU Administrative Systems Project. He noted on page 2 of the CIO Recommendation, in the Project Management column, the rating has been changed from "red" to "yellow" due to the fact that the project manager has completed qualification. Jimmy Hazel seconded the motion. The Board carried the motion unanimously.
- **Virginia Department of Transportation (VDOT) Roadway Network System (RNS)** - This is a replacement for the Highway Traffic Records Information System. Chairman McGuirk made a motion that the Board approve the project with the following two contingencies:
  - Because this is an agency-wide rework of the information system, the five functional business units sign up as co-sponsors of the project so that they are accountable for the savings that will be accrued by the new implementation of the information system. Representatives of VDOT accepted this contingency.
  - Since the new system is based on a geospatial information network, it should be integrated with the VGIN system. VDOT should work with VITA and look at how they

will utilize their system within the geospatial system so there is no customized data system.

Chris Caine seconded the motion. The Board carried the motion unanimously.

- Chairman McGuirk stated that the VITA Management Project Division presented a briefing on the current oversight process and supporting Dashboard system. A question was raised as to the Board's ability to have access to information on the Dashboard to review the status of various projects. The Committee will set a time when this is accessible to the Board.
- Chairman McGuirk formally acknowledged and thanked JoJo Martin, a member of the VITA Project Management Division, who would be accepting a job within the Community College System. The Board and audience recognized Ms. Martin.
- Jimmy Hazel commended Jim McGuirk and members of the IT Project Review Committee for the work done in the IT Project Review Committee meetings. He stated that the message delivered at the meeting stressed the need to understand the meaning between cost savings and cost avoidance, using the VDOT Project as an example. This is a very important mission of the Board.

#### **(d) Finance Committee, Scott Pattison, Chairman**

In the absence of Scott Pattison, Mary Guy Miller stated that the next meeting of the Finance Committee will be May 19, 2004 at 2:00 p.m.

Hiram Johnson inquired of Glen Tittermary of the specific date for the June JLARC meeting. Mr. Tittermary informed the Board that the date for the next meeting of JLARC is June 14, 2004.

### **Other Business**

Chairman Newstrom stated that the next meeting of the Board would be Wednesday, June 2, 2004 in northern Virginia. The location for the meeting will be published. The Board will have a strategic planning session on Tuesday, June 1<sup>st</sup>.

### **Public Comment**

There was no public comment.

### **Executive Session**

A motion was made by Jimmy Hazel that the IT Investment Board convene into Executive Session. His motion stated as follows:

“VITA had received proposals pursuant to the Public-Private Education Facilities and Infrastructure Act. Pursuing these proposals or a variant of them would involve the investment of public funds and would also involve a competitive process under the PPEA

and bargaining with this entity or competing entities. Discussion of these proposals in open session would undermine VITA's bargaining posture and therefore its financial interest. Pursuant to Va. Code § 2.2-3711(A)(6), I move that the Board should, on the basis of these reasons, go into closed session to discuss these proposals and that the CIO and certain staff whom he has selected for their familiarity with the proposal should attend the closed meeting, as their attendance will aid our discussion."

Dr. Mary Guy Miller seconded the motion. By unanimous vote, the Board convened into Executive Session at 2:35 p.m. in the Executive Workroom, VITA Operations Center, Third Floor, 110 South Seventh Street, Richmond, Virginia.

Immediately after the Executive Session, the Board reconvened in open session. Jimmy Hazel made a motion that all members certify as follows:

- i. to the best of each members' knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act, and
- ii. only such public business matters as were identified in the motion by which the closed meeting was convened was heard, discussed or considered in the meeting by the public body.

Dr. Mary Guy Miller seconded the motion. Chairman Newstrom called the roll and each of the eight members so certified.

Jimmy Hazel made a second motion that the Board reconvene into Executive Session and meet in the Third Floor Executive Conference Room pursuant to Section 2.2-3711 (A) (7) for the purpose of consultation with legal counsel regarding the PPEA proposal process and the Conflict of Interest Act and that the CIO and certain staff attend. Dr. Mary Guy Miller seconded the motion. By unanimous vote, the Board reconvened into Executive Session at 3:10 p.m. in the Executive Workroom, VITA Operations Center, Third Floor, 110 South Seventh Street, Richmond, Virginia.

Immediately after the Executive Session, the Board reconvened in open session. Jimmy Hazel made a motion that all members certify as follows:

- iii. to the best of each members' knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act, and
- iv. only such public business matters as were identified in the motion by which the closed meeting was convened was heard, discussed or considered in the meeting by the public body.

The motion was seconded, and the Chairman called the roll and each of the eight members so certified.

At that time, four members of the Board recused themselves from the PPEA approval process and stated as follows:

- Chris Caine stated that, at this time, he is recusing himself from all matters regarding the current PPEA proposals and evaluations that are submitted by IBM (specifically dated October 22, 2003) or that have a competitive impact on this IBM. The reason for disqualifying himself is that he is a current employee and executive of IBM Corporation, located at New Orchard Road, Armonk, New York, 10504.
- John C. Lee, IV stated that, at this time, he is recusing himself from all matters regarding the current PPEA proposal process and evaluations and that the reason for disqualifying himself is that he is currently the President and CEO of Lee Technologies located at 12150 Monument Drive, Suite 150, in Fairfax, Virginia and his firm is a potential subcontractor for the PPEA proposal submitted by EDS. He indicated that he will seek, in writing, an Attorney General opinion regarding this matter.
- Jim McGuirk stated that, at this time, he is recusing himself for all matters regarding the current PPEA proposal process and evaluation. The reason for the recusal is that as a retired executive from Unisys Corp, located at Unisys Way, BlueBell, Pa. 19424, which is involved in the PPEA process, he receives a pension from the Corporation and also still has some stock options with Unisys. He indicated that he will seek an Attorney General opinion regarding this matter.
- George Newstrom stated that, at this time, he is recusing himself from all matters regarding the current PPEA proposal process and evaluation, and that the reason for disqualifying himself is that he is a retired executive, and has a pension from EDS Corporation, located at 5400 Legacy Drive, Plano, Texas, 75024, which is an offeror in the current process. He indicated that he will seek, in writing, an Attorney General opinion regarding this matter.

Jimmy Hazel made a third motion that the Board continue into Executive Session with ITIB Vice-Chair, Dr. Mary Guy Miller serving as Chair of the PPEA process, with three other members of the Board, namely, Jimmy Hazel, Hiram Johnson and Walter Kucharski. His motion read as follows:

“Mr. Chairman: VITA had received proposals pursuant to the Public-Private Education Facilities and Infrastructure Act. Pursuing these proposals or a variant of them would involve the investment of public funds and would also involve a competitive process under the PPEA and bargaining with this entity or competing entities. Discussion of these proposals in open session would undermine VITA's bargaining posture and therefore its financial interest. Pursuant to Va. Code § 2.2-3711(A)(6), I move that the Board should, on the basis of these reasons, go into closed session to discuss these proposals and that the CIO and certain staff whom he has selected for their familiarity with the proposal should attend the closed meeting, as their attendance will aid our discussion.”

Hiram Johnson seconded the motion. By a vote of 4-0, the motion was carried.

Immediately after the Executive Session, the Board reconvened in open session. Dr. Miller made a motion that all members certify as follows:

- v. to the best of each members' knowledge, only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act, and
- vi. only such public business matters as were identified in the motion by which the closed meeting was convened was heard, discussed or considered in the meeting by the public body.

Hiram Johnson seconded the motion. By a vote of 4-0, the motion was carried. Dr. Miller called the roll and each of the four members who attended the Executive Session so certified.

## **Adjourn**

The next meeting of the ITIB will be Wednesday, June 2, 2004 at 10:00 a.m. at the Hilton McLean Hotel. There being no further business, the meeting adjourned.